GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:176
ANSWERED ON:23.08.2007
INDIA-MYANMAR GAS PIPELINE PROJECT
Nedurumalli Janardhana Reddy Shri

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether India is finally out of the India-Myanmar-Bangladesh Gas Pipeline Project;

(b) if so, the reasons therefor;

(c) whether agreement has been signed by Myanmar with China for supply of Gas although Myanmar had given preference to India in issuing Letter of Intent;

(d) if so, the details thereof;

(e) whether no concerted efforts were made to finalize the contract early by the Government; and

(f) if so, the reasons for delay in finalizing the matter?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI MURLI DEORA)

(a) to (f): A statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF THE LOK SABHA STARRED QUESTION NO. 176 ASKED BY SHRI N. JANARDHANA REDDY TO BE ANSWERED ON 23RD AUGUST 2007 REGARDING INDIA-MYANMAR GAS PIPELINE PROJECT

(a) to (f): The Government of India has been systematically pursuing the purchase of gas from Myanmar. Indian Public Sector Undertakings, namely, ONGC Videsh Ltd. (OVL) and GAIL (India) Ltd. (GAIL), farmed into A1 and A3 blocks in Myanmar with participating interest of 20% and 10% respectively.

Government of Myanmar issued a Letter of Intent (LOI) on 11th February 2004, wherein GAIL was acknowledged as a preferential buyer of gas from these blocks. An MoU to the above effect was signed between the two countries on 9th March 2006. In terms of the provision contained in the LOI and MoU, GAIL completed a Detailed Feasibility Report (DFR) for an onland pipeline from Myanmar passing through North Eastern states of India.

The Myanmar Government invited bids for export of gas on 9th August 2006. GAIL submitted a competitive bid to Myanmar Government. Myanmar Government vide their letter dated 2nd October 2006 intimated to the bidders that they were reviewing their decision to sell this gas through pipeline, as the price quoted by different bidders did not meet their expectations. Subsequently, Government of Myanmar invited bids for sale of 3.5 MMTPA of Liquefied Natural Gas (LNG). GAIL again submitted its bid. The matter was discussed in various meetings held between Government of Myanmar and Consortium between January and March 2007. During a meeting on 10th January 2007 at Nay Pyi Taw (NPT), it was informed by Myanmar Government that a part of gas from these blocks would be used for domestic supply and that export option would be decided only after completion of the remaining drilling in A-3 block and reassessment of reserves. It was also indicated that export of gas through LNG Project, pipeline

However, in the meeting held in February 2007 between Myanmar Government and PetroChina, Myanmar Government decided that the gas from A1 and A3 blocks would be sold to China through the pipeline route. This was conveyed by Myanmar Government during a meeting held at Nay Pyi Taw (NPT) on March 16, 2007. GAIL impressed upon the other partners and Myanmar Government that GAIL's pipeline offer was still the most competitive and offered optimum value for them due to proximity of India to these fields. However, Myanmar Government's decision to sell the gas to China remains as of now.